

# IRS News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

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Public Contact: 800.829.1040

## Some Toyota and Lexus Vehicles Certified for the New Energy Tax Credit

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WASHINGTON — The Internal Revenue Service has acknowledged the certification by Toyota Motor Sales U.S.A., Inc. that several of its 2006 vehicles and a 2005 model year vehicle qualify for the hybrid tax credit enacted by the Energy Policy Act of 2005. The tax credit for hybrid vehicles applies to vehicles purchased on or after January 1, 2006, and may be as much as \$3,400 for those who purchase the most fuel-efficient vehicles.

The hybrid vehicle certifications recently acknowledged by the Service and their credit amounts are:

- |                                     |        |
|-------------------------------------|--------|
| • 2005 Toyota Prius                 | \$3150 |
| • 2006 Toyota Prius                 | \$3150 |
| • 2006 Toyota Highlander 4WD Hybrid | \$2600 |
| • 2006 Toyota Highlander 2WD Hybrid | \$2600 |
| • 2006 Lexus RX400h 2WD             | \$2200 |
| • 2006 Lexus RX400h 4WD             | \$2200 |

Starting in 2006, this tax credit replaces the tax deduction of \$2,000 which was previously allowed for taxpayers who purchased a new hybrid vehicle before December 31, 2005 for the clean-burning fuel deduction. The tax credit requires a different certification. Many currently available hybrid vehicles may qualify for this new tax credit.

Consumers seeking the credit may want to buy early since the full credit is only available for a limited time. Taxpayers may claim the full amount of the allowable credit up to the end of the first calendar quarter after the quarter in which the manufacturer records its sale of the 60,000<sup>th</sup> vehicle. For the second and third calendar quarters after the quarter in which the 60,000th vehicle is sold, taxpayers may claim 50 percent of the credit. For the fourth and fifth calendar quarters, taxpayers may claim 25 percent of the credit. No credit is allowed after the fifth quarter.